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DECLASS REVIEW by NIMA/DOD

16 March 1967  
Ref: LJC 660-1674

Office Box 8043  
West Station  
Washington, D.C. 20024

25X1A  
25X1A  
To: [redacted]  
Contracting Officer

25X1A  
Subject: [redacted]  
Request for Increase in Funding

25X1A  
25X1A  
Reference: 1. [redacted] letter, reference LJC 592-1674,  
dated 12 December 1966, to [redacted] 25X1A  
2. [redacted] letter dated 13 February 1967

Dear Sir:

25X1A  
25X1A  
In my transmittal letter (reference #1) returning the executed copy of Amendment No. 5 of the subject contract, I stated that the total contract "Amount" should be [redacted] in lieu of the stated amount of [redacted] and in a telephone conversation with your [redacted] it was agreed that the next contract amendment would state [redacted] as the target sales price. 25X1A  
25X1A

25X1A  
In response to [redacted] letter (reference #2), our monthly review of the project brings us to the conclusion that at our "best estimate" to complete we must anticipate an expenditure of [redacted] beyond the present contract target cost of approximately [redacted] 25X1A  
25X1A

The causes for these unanticipated expenditures are based on many contributing factors, but essentially they are attributed to the following areas:

1. Company Engineering Overhead, Factory Overhead and General & Administrative adjustments for the years 1964, 1965, 1966 and 1967. It should be noted that the burdens and G&A actually experienced in years 1964 into 1967 were significantly different than those quoted, for forward pricing purposes, in all of our proposals.

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[REDACTED]  
Contracting Officer

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2. An extended amount of Program Office effort was necessary to insure timely receipt of vendor parts and material. At the time this equipment was proposed, prior to the Southeast Asia situation, the company was not faced with the various vendor problems and delays that we have seen in the past two years. In 1964, vendor parts could be delivered from stock or within a time period such as two weeks. These same parts are now taking six weeks to be received after much expediting. Vendor parts that were previously quoted as six weeks delivery are now being delivered from twelve to eighteen weeks. Many times parts expeditiously received are not as per drawing, and due to schedule requirements, we have to accept these parts and rework them in house to make them meet our requirements. All these factors have resulted in extra vendor liaison, monitoring and expediting, and in house rework of vendor parts that were not previously anticipated.

25X1A

Based on our most recent financial analysis, it is now estimated that we are able to continue work until 1 May 1967, with the use of [REDACTED] at which time we will reach the present contract target cost [REDACTED]

25X1A

25X1A

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25X1A

[Redacted]  
Contracting Officer

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16 March 1967.

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In order to continue the present contract beyond 1 May 1967, we therefore are requesting that the contract total "Amount" and funding be authorized to the contract ceiling price of [Redacted] and be made available to the program by 1 May 1967.

25X1A

Very truly yours,

25X1A

[Redacted]  
Contracts

LJC/66

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